

MAINE GAMBLING CONTROL BOARD

June 16, 2015

09:00 – 11:00am

Gambling Control Board Room

45 Commerce Drive Suite 3, Augusta Maine 04333

Meeting opened at 9:00 am

Board members present: Tim Doyle, Chair; Barbara Dresser; Joe Laliberte;

Staff present: Detective Don Armstrong, Office Specialist I Janine Collins, Auditor Donald Berrie, Auditor Jill Tobey, Inspector Supervisor Vicki Gardner, Executive Director Patrick Fleming.

Legal counsel present: Assistant Attorney General Lauren LaRochelle

Introductions:

The Board introduced themselves followed by introductions of the staff and counsel by Executive Director Fleming.

Review of the minutes 05/18/2015

Motion to accept the minutes as presented: Joe Laliberte, Board Member

Seconded: Barbara Dresser, Board Member

Vote: Unanimous

Executive Director Report: Legislature – after all the gambling bills regarding new casinos were addressed the Veterans and Legal Affairs committee decided to vote out two. One bill was the result of the resolve that brought forth the White Sands report. This bill would allow a casino to be located in Washington or Aroostook County. The bill establishes a Casino Development commission in order to setup and monitor a competitive process for the right to apply for this casino license. The bill requires a county wide referendum and also requires two or more federally recognized Indian tribes must enter into a partnership to get this license. There are capital investment requirements and a contract is required with the potential winner of the bid for investments and other requirements to meet post opening of the facility.

The other bill would allow the licensing of a casino in southern Maine. This bill would also create a Casino Development commission. This bill would also require a referendum and certain requirements pre and post opening of the proposed casino. This bill came out of committee with five different reports. Four of the reports were ought to pass as amended and one report was ought not to pass. The ought to pass reports are the same in concept with the differences being the referendum, ranging from no referendum to a statewide referendum and licensing fee requirements, ranging from \$50 million dollars for 20 years to \$10 million dollars for 5 years. Most of the other requirements are the same amongst the bills. One new item that they all have in common is that they establish a host municipality revenue loss mitigation fund. Part of the initial license fee would be set aside and put into an account by the Board to be used to cover revenue losses to the current municipalities and counties that might be effected by a new casino. One bill makes the distributions only if a current casino closes within five years of a new casino opening but others start dividing the funds as soon as the new casino opens regardless of the effect it has on existing revenues.

When these bills were first proposed the Casino Development commission was supposed to be under the authority of the Department of Administrative and Financial Services (DAFS). They would monitor the proposals and staff this commission. At some point in the process this authority was changed to the Gambling Control Board. This would require us to staff a second Board and provide support for this Board throughout their process. When submitting the fiscal note for these two casino proposals he took the extra duties for the staff into consideration so we would have enough staff to do both if warranted. The difficult part about doing the fiscal notes for these bills is that we are trying to predict costs for four and five years down the road. The development commission probably won't even be established until next year at the earliest and then the establishment of the bidding process and rfp process could take another year.

Budget – the budget process is still ongoing. As far as Executive Director Fleming knows the few things we asked for are still included but that is subject to change. We will have to wait until the budget is finalized and signed before we know the true outcome.

GLI Contract – The contract to continue doing business with GLI has been filled out and submitted to them for signature. Once we get it back we will submit it to the Commissioner for his signature and then send it to purchases so we can continue to do business with them.

WMS Gaming – We have discussed in the past the acquisition of WMS Gaming by Bally Gaming. They started out as separate entities but Bally's has completely absorbed WMS so we received notice that WMS will no longer be doing business in Maine under that name and they will be licensed under Bally. We made the changes in our licensing database to reflect the change. WMS was one of the original slot distributors licensed in Maine when Hollywood Slots opened in 2005.

AAG LaRochelle – as you know this is AAG LaRochelle's last meeting as legal counsel to the Board. Executive Director Fleming wanted to publicly thank her for all the hard work she has put in on our behalf for the last three and one half years. We have seen many changes in our statute and rules in the time that she has been here and although she was thrown into this cold she has worked diligently to come up to speed and give us the proper guidance along the way. He had many phone calls and meetings with Lauren over the years and although we didn't always agree we managed to work out our differences, as long as she saw things my way, and kept the gambling unit moving forward. He wanted to wish her well in her new position and just wanted to let her know that she is always welcome back here anytime except she will have to ring the bell to come in because we are shutting off her key card. Thank you Lauren.

With that being said he would like to ask Assistant Attorney General Andrew Black to step up and introduce the Assistant Attorney General who will be taking Lauren's place until a permanent replacement can be found.

Auditors Report : Auditor Donald Berrie The May revenue was \$4,700,000 for the month; an increase of \$184,000, or approximately 4% above May 2014. The increases in March, April and May revenues were finally able to offset January and February declines, so year-to-date revenue was \$20,576,000; an increase of \$21,000 which is basically flat from the same period in 2014. The quarter #1 2015 revenue for the period ending March 31st has already been reported to you showing a decrease of 2% and the partial quarter #2 for April and May increase of 3% over the same period in 2014.

The revenue trend chart you received is based upon revenue for fiscal years 2013, 2014 and 2015. May 2015 revenue is following the upward trend shown in 2013 and 2014, so the overall revenue pattern continues to remain consistent.

In addition, you have received detailed information concerning the calendar year 2015 distribution of tax revenues expressed in most recent month, quarterly and year-to-date for each venue. This information is derived from data available on the "Revenue Totals" tab of the Gambling Control Board web site. Slot

machine hold must be in compliance on a quarterly basis. As points of information, holds are reported on this form on a monthly, quarterly and year-to-date basis. As you can see, both venues are in compliance. It should be noted that your auditors are also monitoring holds on a daily and weekly basis.

Audit program

The slot machine component of the audit program has begun at Hollywood Casino. Auditor Tobey and Auditor Berrie have been on site interviewing members of the slot operations staff. At the end of the week we will return to interview revenue audit staff. Testing will be performed once the interview phase is complete.

As always, the Auditors welcome your feedback and suggestions.

State Police Update: Detective Don Armstrong things have been quiet at the Casinos,. 46 applications complete 35 pending and 53 renewals.

Calls for Service at Bangor 8

Calls for Service at Oxford 4

Unfinished Business: Employee License Review-Executive Director Patrick Fleming.

Motion to approve License: Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Motion: to adjourn Joe Laliberte

Second: Barbara Dresser

Vote: Unanimous

Meeting Adjourned: 9:45

Next meeting is June 16, 2015 @ 9am @ 45 Commerce Drive Suite 3 Augusta, Maine 04330

Respectfully submitted Janine Collins Office Specialist I